



Department of Justice

FOR IMMEDIATE RELEASE
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**PENNZOIL WILL PAY \$2.6 MILLION CIVIL PENALTY FOR
VIOLATING ANTITRUST PREMERGER NOTIFICATION REQUIREMENTS**

WASHINGTON, D.C. -- Pennzoil Company will pay a \$2.6 million civil penalty to settle charges filed in federal court that it violated antitrust premerger requirements when it acquired about \$2.1 billion of Chevron stock in 1989, the Department of Justice's Antitrust Division announced.

The Department, in simultaneously filing a civil suit and proposed consent decree Monday in U.S. District Court in Washington, D.C., alleged that Pennzoil violated the premerger notification and waiting period requirements of the Hart-Scott-Rodino Act when it acquired Chevron Corporation stock in 1989. The proposed consent decree, which must be approved by the court, would settle the suit.

The complaint, filed by the Department's Antitrust Division at the request of the Federal Trade Commission, alleged that Pennzoil, an integrated oil and gas company headquartered in Houston, Texas, violated the act when it failed to file required premerger notifications before acquiring more than \$15 million of

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Chevron stock in September of 1989. Pennzoil, according to the complaint, went on to acquire approximately 8.9% of Chevron stock for approximately \$2.1 billion by December 7, 1989, without filing required premerger notifications.

Although the Hart-Scott-Rodino Act exempts acquisitions of 10 percent or less of a company's stock made "solely for the purpose of investment," the complaint alleged that Pennzoil's purchases of Chevron stock were not made solely for the purpose of investment and thus were not exempt from the act's notification and waiting period requirements.

Assistant Attorney General Anne K. Bingaman, in charge of the Antitrust Division, said, "The Hart-Scott-Rodino Act provides a vital antitrust enforcement tool by requiring that parties to certain large mergers and acquisitions notify the antitrust law enforcement agencies and observe a waiting period before consummating their transactions.

"The act's so-called 'investment only exemption' provides an exemption only for acquisitions made 'solely' for the purpose of investment. We will continue to seek substantial civil penalties when we believe a party improperly relying on this exemption has failed to comply with the act."

The Hart-Scott-Rodino Act of 1976, an amendment of the Clayton Act, imposes notification and waiting period requirements on individuals and companies over a certain size before they consummate acquisitions of stock or assets over a certain value

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or ownership percentage.

The act permits a federal court, upon the Department's request, to assess a civil penalty of up to \$10,000 for each day a person is in violation.

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